

Bath & North East Somerset Council

MEETING:	Economic and Community Development Policy Development and Scrutiny Panel
MEETING DATE:	17 th November 2011
TITLE:	Analysis of funding for Third Sector in Bath and North East Somerset in 2010-11: Update and Progress Report
WARD:	ALL

AN OPEN PUBLIC ITEM

List of attachments to this report:

Appendix: Initial findings from Analysis of Third Sector Funding in Bath and North East Somerset: 2010-11

1 THE ISSUE

- 1.1 This report updates the Panel on progress made so far in drawing together and analysing funding for the “third sector” (comprising voluntary, community and not-for-profit organisations) in Bath and North East Somerset. It places this analysis (for the year 2010-11) in the context of the Council’s overall approach to support for this sector and also its current Medium Term Service and Resource Planning process.

2 RECOMMENDATION

The Economic and Community Development Policy Development and Scrutiny Panel is asked to agree that:

- 2.1 It receive an update report on progress in collating and analysing the data from 2010-11 and highlight any key issues arising from the work undertaken so far, including issues of scope and definition
- 2.2 It receive a presentation which highlights the main potential implications for voluntary, community and not-for-profit organisations identified so far through the Medium Term Financial Planning process
- 2.3 It request a report at the January meeting containing further detail and a summary of impacts on voluntary, community and not-for-profit organisations identified through the Council’s budget and service action planning processes, including opportunities identified for more effective ways of working

3 FINANCIAL IMPLICATIONS

3.1 There are no direct financial implications of this report. However, clearly the opportunities and issues highlighted have an impact on the Council's medium-term service and resource planning. Through this, the Council is seeking to balance budgets and ensure value-for-money from its work with voluntary and community organisation, not making disproportionate reductions in funding. Achieving this may mean developing new approaches to "commissioning" and "enabling" services through the Council's work with the sector.

4 THE REPORT

Background

4.1 The Panel at its meeting in July requested that research and analysis be undertaken into funding for voluntary, community and not-for-profit organisations in Bath and North East Somerset.

4.2 Through this work, the Panel is seeking to

- gain a greater understanding of the level and scope of the Council's investment into the "third sector"
- identify the degree of "leverage" from other partners and organisations that this brings
- use this information to identify potential new and increased funding sources

Progress Update

4.3 In order to create an initial "baseline", the Council's financial data for 2010-11 have been used. All spending identified as being with voluntary and community organisations has been pulled out and an initial analysis undertaken. This is set out, with required provisos, in the Appendix.

4.4 The picture is a complex one. The data comprise around 1500 transactions in 2010-11 involving 274 separate organisations, with a very wide range supported in a number of different ways, including grants, payments for service, commissions and concessionary rents. Further work is now required to:

- Check items against the criteria identified by the Panel- particularly, whether the funding is in the form of a grant, a service level agreement, commission or "in kind" support. The Council is increasingly moving to a "commissioning" approach which sets out clear objectives for voluntary and community sector delivery. However, there is also scope for smaller grants "pots" (such as the Ward Councillors' Initiative) which provide a quick and simple way for local community groups to improve their areas.
- Identify objectives for each project- again, the degree of detail tends to be proportionate to the amount of funding involved.
- Identify additional investment and support levered in as a consequence of the Council's support. This is often in the form of volunteer time and other support, not just financial investment.

- Identify which areas and communities within the area benefiting from funding support. In a number of cases, the target area will be the whole of Bath and North East Somerset.

4.5 As this work has been undertaken, a number of definitional issues have arisen. These include:

- the “scope” of the sector– for example, any funding for the new Community Interest Company delivering health and social care in Bath & North East Somerset could now be seen as falling into this category
- the fact that community projects are sometimes carried out by private sector providers. In addition, payments to statutory bodies such as town and parish councils are sometimes contributions to wider projects including voluntary and community organisations

4.6 The Panel also identified an opportunity to assess other sources of funding into the area for third sector organisations, as well as Council investment. The Appendix therefore also identifies funding into the area from Big Lottery and Quartet Community Foundation as a starting point for looking at this wider picture and seeking opportunities.

Medium Term Service and Resource Planning 2012-13 to 2014-15

4.7 Since 2010-11, there have been a number of significant changes to the funding landscape, many driven by Government. The budget report to Council in February 2011 noted the “impact of significant cuts in government grant funding both in terms of general grant and specific grants supporting direct service areas. Reductions in specific grants have impacted on voluntary and community sector funding as these funds have often been delivered by working through such organisations. In many cases, services have worked with voluntary and community organisations to make savings through targeted recommissioning, negotiating efficiency savings and – in some cases- limited reductions in service.

4.8 Policy Development and Scrutiny Panels are receiving Medium Term Service and Resource Plans in the November cycle. These plans (which are for Resources, People and Community Services, Health and Social Care, Service Delivery and Development & Major Projects) set out the relevant service areas’ approach to resource planning and to savings required to balance budgets. In drawing up these proposals, services have been requested to be clear about the potential impacts of proposed changes. This includes identifying any impacts on the voluntary sector, including:

- the amounts of the saving that impact on the sector
- which organisations are affected
- what Service Level Agreement or grant is impacted by the saving
- the consultation processes required

4.9 The Council through its Change Programme is increasingly following a “Community-led commissioning” approach. The Council will seek to work closely with local community and voluntary organisations to improve outcomes and value for money. This may mean new ways of working - for example through shared “front office” customer service initiatives such as one-stop shops to ensure a more co-ordinated approach to providing of help and advice. Further opportunities to work more effectively in this way will be identified through the service and resource planning process.

4.10 In line with this approach, recent Government Best Value Statutory Guidance also states that authorities should “seek to avoid passing on disproportionate reductions - by not passing on larger reductions to the voluntary and community sector and small businesses as a whole, than they take on themselves”. The Guidance also identifies that the organisation, service users, and wider community can put forward options on how to reshape the service or project. In addition, the Localism Bill contains a provision for voluntary, community and social enterprise organisations to “challenge” local authorities in their provision of services.

5 RISK MANAGEMENT

5.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance.

6 EQUALITIES

6.1 As further work is undertaken on the information set out in this report, equalities impacts will be further considered. Equalities impacts are also being built into the Council's service and resource planning and this is subject to a separate briefing for this Panel. There will also be a focus on how the Council can use its investment in the third sector to assist with delivering its duties under the Equality Act 2011

7 CONSULTATION

7.1 *Cabinet Member; Section 151 Finance Officer; Chief Executive; Monitoring Officer;*

8 ISSUES TO CONSIDER IN REACHING THE DECISION

8.1 *Customer Focus; Sustainability; Corporate Other Legal Considerations*

9 ADVICE SOUGHT

9.1 The Council's Monitoring Officer (Divisional Director – Legal and Democratic Services) and Section 151 Officer (Divisional Director - Finance) have had the opportunity to input to this report and have cleared it for publication.

Contact person	<i>Andy Thomas, 01225 394322</i>
Background papers	<u>Best Value Statutory Guidance</u>

Please contact the report author if you need to access this report in an alternative format

APPENDIX Initial findings from Analysis of Third Sector Funding in Bath and North East Somerset: 2010-11

Funding Source	Notes on Data Source	Amount 2010-11	Analysis
<u>Bath & North East Somerset Council</u>	The data has been analysed using the specific account codes established within the Council's financial systems capture this expenditure. The accuracy of the data depends upon consistent use of the correct expenditure codes when making any payments to the 3 rd sector	£5,098,587	<ul style="list-style-type: none"> • Over £5m of funding • 274 organisations funded in 2010-11 • Over 60% of organisations funded receive less than £5000 • Almost wholly revenue funded • Only 4% of organisations funded receive over £100,000
<u>Big Lottery Funding 1st April 2010 to 31st March 2011</u>	Source: Big Lottery	£976,000	<ul style="list-style-type: none"> • 21 grants were made to voluntary organisations within the B&NES area. These were mainly a mixture of small Awards for All grants (£300-£10,000) and Reaching Communities grants (£10,000-£500,000). There were also 7 Heroes Return small grants which are not included in this total amounting to £9010.
<u>Quartet Community Foundation</u>	Source: Quartet Community Foundation	£254,764	<ul style="list-style-type: none"> • 115 grants were awarded.